

Fact Sheet on Education Budget Request for FY 2001

On February 7, the White House released the President's Budget for Fiscal Year 2001. This fact sheet summarizes key components of the budget request for the Department of Education. For additional detail, consult the Department of Education web site at www.ed.gov.

Overview and Highlights

The President is requesting \$40.1 billion in discretionary appropriations for the Department of Education in fiscal year 2001, an increase of \$4.5 billion or 12.6% above the 2000 level.

Education Budget Overview		
(\$ billions)	FY2000 enacted	FY2001 request
Discretionary	35.6	40.1
Mandatory ¹	7.5	4.6
Total	43.1	44.7

Highlights of the 2001 request

- A New Opportunity Agenda for Higher Education, consisting of:
 - a \$30 billion College Opportunity Tax Cut over 10 years to provide up to \$2800 per year in tax relief for millions of middle-class families for post-secondary education,
 - nearly \$1 billion in increased funding to help minority and disadvantaged students afford and stay in school, including \$716 million to increase the maximum Pell Grant to \$3,500, and
 - more than \$400 million in increased funding to keep disadvantaged young people on track to success from middle school through college, including Job Corps training and education for impoverished youth.

¹ Mandatory costs, including student loan programs, may fluctuate from year to year due to such factors as interest rates and default collections.

- \$1.75 billion for the Class Size Reduction initiative, an increase of \$450 million to bring the total number of teachers hired to about 49,000, almost halfway to the goal of hiring 100,000 teachers over 7 years to reduce class size in grades 1-3 to 18 students per class.
- \$8.357 billion for Title I grants, an increase of \$416 million, including \$250 million targeted for improving under-performing schools.
- Expansion of after-school and summer school programs: \$1 billion for 21st Century Community Learning Centers to serve almost 2.5 million children, an increase from current funding of \$453 million.
- Expansion of Head Start: a \$1 billion increase to expand the number of children served by the program to 950,000.
- Investing in new and modernized schools with \$1.3 billion for a new School Renovation program to leverage \$6.7 billion for urgent renovation and repairs to 8,300 schools, and \$3.7 billion over 5 years for the School Modernization Bond proposal to provide tax credits for \$24.8 billion in bonds over 2 years to modernize 6,000 schools.
- Expanding access to technology with a \$2.4 billion package to improve availability and use of technology, especially computers and the Internet.

Higher Education

The President's budget requests increased funding for a New Opportunity Agenda for Higher Education, including:

- \$30 billion College Opportunity Tax Cut

The President's budget proposes \$30 billion over 10 years to provide a tax benefit (in the form of a deduction or a credit) on up to \$5,000 per year in postsecondary education tuition and fees, with the limit rising to \$10,000 in 2003. The benefit would phase out for individual taxpayers with incomes between \$50,000 and \$60,000, and between \$100,000 and \$120,000 for taxpayers filing jointly. When fully phased in and applied to \$10,000 in education costs, the tax cut will be worth up to \$2,800 per family per year.

- Pell Grants

The President's budget requests \$8.356 billion (a \$716 million increase) to provide Pell Grants to nearly 3.9 million recipients. The request will make possible maximum Pell Grants of \$3,500. The maximum grant for the coming academic year is \$3,300.

- Eliminate the 60-month limit on student loan interest deduction

Taxpayers currently may deduct the interest on student loans (up to \$2,000 this year and up to \$2,500 in 2001 and beyond) during the first 60 months of loan repayment. The President's budget proposes elimination of the 60-month limit effective January 1, 2000.

- Work-Study

The President's budget requests a \$77 million increase to \$1.011 billion to continue to help 1 million students with financial need earn money for their education expenses.

- Supplemental Educational Opportunity Grant (SEOG)

This program provides campus-based grant assistance to needy undergraduates, supplementing aid received from other sources, such as work-study and loans. The President's budget requests \$691 million to serve 1.2 million students. This figure represents a \$60 million increase to serve 64,000 more students than in 2000.

- College Completion Challenge Grants

The President's budget requests funding for new College Completion Challenge Grants: \$35 million to help 18,000 minority students with pre-freshman summer programs and increased grants to attend and complete college. This program will be part of the TRIO program (described below).

- Dual-Degree Initiative

The President's budget requests \$40 million in new funding to help 3,000 students at minority institutions earn 2 degrees in 5 years: one from a minority-serving institution, and one from a partner school in a field where minorities are under-represented.

- GEAR UP

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) is a nationwide initiative to encourage disadvantaged young people to stay in school and acquire the skills to succeed in college. The program includes middle school mentoring, tutoring, and scholarships. The President's budget requests \$325 million (62.5% increase) to serve an estimated 1.4 million students. Current funding at \$200 million serves 750,000 students.

- TRIO

TRIO's outreach and support programs help disadvantaged students progress from middle school to college by motivating and preparing them to attend and complete college. The students served by TRIO programs are often the first in their families to attend college. The President's budget contains \$725 million (an \$80 million increase) to serve more than 760,000 students. (Total includes \$35 million for new College Completion Grants described above.)

- Job Corps

The President's budget requests a \$33 million increase for the Job Corps program, bringing the total to \$1.392 billion for job training and education for impoverished youth.

- Youth Opportunity Grants and Youth Training Formula Grants

Youth Opportunity Grants provide comprehensive employment and training assistance to out-of-school young people in high poverty areas. The President's budget seeks a 50% increase to \$375 million (from \$250 million currently) to serve an additional 25,000 youth (now serves 50,000).

The President's budget also requests a \$25 million increase (from \$1.001 billion to \$1.026 billion) for Youth Training Formula Grants for job training and summer jobs for 600,000 disadvantaged youth.

- Youthbuild

The budget requests \$75 million (76% increase from \$42.5 million) to help high school drop-outs develop skills through rehabilitating and building housing for low-income and homeless people. The program now serves 2,000 trainees; 3,330 trainees would be served with increase.

- An expansion of total available student financial aid

Total grants, loans, and work-study assistance would grow to \$54.2 billion, a 5.5% increase over the 2000 level. These funds will serve more than 8.6 million students – 217,000 more than in 2000.

Elementary and Secondary Education

- Continuation of Class Size Reduction Initiative

The President's budget requests \$1.75 billion for continuation of the commitment to reduce class size in the early grades by staying on a path to hiring 100,000 high quality teachers. The request represents an increase of \$450 million over current levels – enough to fund about 49,000 teachers.

- Title I

The budget includes \$8.357 billion for Title I grants to local educational agencies, to serve educationally disadvantaged children. The request represents a \$416 million increase. The budget would provide states with \$250 million in accountability funds (a \$116 million increase) for identifying and improving weak schools through measures such as teacher training and implementation of proven reforms.

- 21st Century Community Learning Centers

The budget requests \$1 billion to provide extended learning opportunities to nearly 2.5 million children. The request is sufficient to provide students in all low-performing schools with the chance to attend after-school or summer school programs to boost academic achievement. Current funding is \$453 million.

- Small, Safe, and Successful High Schools

The budget includes \$120 million for competitive grants to support restructuring of about 700 high schools to create learning environments of no more than 600 students through strategies such as career academies and magnet schools.

- Charter Schools

The budget requests \$175 million to fund an estimated 700 new charter schools and about 1,000 existing charter schools, an increase of \$30 million.

- Safe and Drug-Free Schools

The budget includes \$650 million (a \$50 million increase) to support school-based drug and violence prevention programs.

- Special Education

The budget includes \$6.37 billion for Special Education programs (a \$333 million increase). The request includes an additional \$290 million for grants to states (\$5.28 billion total). The budget also includes \$8 million for states to help schools comply with special education laws and to correct deficiencies.

Early Childhood Education

- Head Start

The President's budget seeks the largest funding increase ever proposed for Head Start: a \$1 billion increase to serve 950,000 children in 2001, with a goal of serving 1 million in 2002. Total funding requested: \$6.267 billion.

- Early Childhood Educator Professional Development

The budget requests \$30 million for professional development for early childhood educators and caregivers in high poverty communities for activities such as learning about language and literacy development, working with children with special needs, and working with parents to reinforce early learning.

Additional Technology, Training, Infrastructure, and Quality Improvements

- New and Modernized Schools

The President's budget includes \$1.3 billion to leverage \$6.7 billion in loans and grants for urgent/emergency renovations and repairs for 8,300 projects in high-poverty, high-need districts. The budget also seeks \$3.7 billion over 5 years for the School Modernization Bond proposal to provide tax credits for \$24.8 billion in bonds over 2 years to modernize as many as 6,000 schools.

- Expanding Access to Technology

The budget includes \$2.4 billion to expand access to technology, especially computers and the Internet. The package includes \$2 billion over 10 years to provide tax incentives for donations of computers, sponsorship of community technology training centers, and technology training for workers. An additional \$380 million would help start or expand federal grant programs – including \$150 million to double funding to train new teachers to use technology effectively.

- Technology Literacy Challenge Fund

The President's budget requests \$450 million for formula grants to states to enable schools to integrate technology into curriculum. The request includes a \$25 million increase to expand the capacity of teachers in high-poverty, low-performing schools to use technology effectively in their classrooms.

- New Teacher Quality Plan to Recruit, Train, and Reward Good Teachers

The President requests \$1 billion to improve teacher quality through grants to states and districts to fund high quality, standards-based professional development for teachers. The request includes several new initiatives:

Higher Standards-Higher Pay for Teachers – \$50 million for grants to high-poverty school districts to attract and retain high-quality teachers through better pay and higher standards.

Teacher Quality Incentives – \$50 million to reward school districts that have made exceptional progress in reducing the number of uncertified teachers and teachers teaching outside their subject area.

Hometown Teacher Recruitment – \$75 million for high-poverty school districts to develop programs to recruit homegrown teachers to address the shortage of qualified teachers.

Transition to Teaching – \$25 million to recruit and prepare talented mid-career professionals from diverse fields to become teachers in high-need subject areas and high-need schools.

School Leaders Initiative – \$40 million to fund non-profit partnerships designed to provide professional development for superintendents, principals, and other school leaders.

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